

## FIGHT ON NEW YORK'S PLACE IN BANK PLAN

Vanderlip and Warburg With McAdoo for Equal Division of Strength.

### OTHER BANKERS PROTEST

Urge Wide Territory and Big Resources for Reserve District Here.

Hearings on the division of the country into Federal reserve districts conducted by the two members of the organization committee, Secretaries McAdoo and Houston, opened yesterday at the Chamber of Commerce. The principal discussion centered on whether the bank at New York should be of predominating strength or of a size that would secure an equal division of strength among the several reserve banks.

The Government officials indicated in their questions that a lessening of the influence of New York and an equal division of strength as far as possible is their object. Paul M. Warburg of Kuhn, Loeb & Co. and Frank A. Vanderlip, president of the National City Bank, agreed that for practical purposes this appeared desirable.

Practically all the other representatives of big banks who testified registered themselves in favor of giving New York a territory and a strength in capital and resources of its Federal reserve bank that would be in keeping with its financial position and would insure that its Federal reserve banks would not be overshadowed by any individual bank or banking group.

Among those who advocated this plan were A. Barton Hepburn, chairman of the board of the Chase National Bank, Albert H. Wiggin, president of the Chase, A. J. Hemphill, president of the Guaranty Trust Company, Charles A. Conant, writer on monetary matters and publisher, James G. Cannon, president of the Fourth National Bank, Francis L. Hine, president of the First National Bank, and S. H. Outerbridge, merchant and member of the Chamber of Commerce committee on currency.

President Vanderlip emphasized the extreme necessity for providing that each reserve bank shall include a territory and a field of business that is highly diversified. This diversity, he urged, must be provided for both in the character of the business and the seasonal demands on banking assistance.

"I have no definite views on geography," he said, "but very definite views on the character of the reserve districts. I would advocate a 'shooting' district if that is necessary to cover a wide variety of industries and of agriculture and to include a diversity of seasonal demands on banking resources."

Mr. Vanderlip said that it would be a bad principle to establish, for instance, a

reserve bank in New Orleans, for the reason that the territory it would serve is of similar character in its agriculture and industry. The bank would annually feel a concentrated demand upon its resources that would make its position insecure. Mr. Vanderlip, applying this principle to New York, said that as New York is practically the United States so far as representing all business activities is concerned he did not think it was necessary to give New York a large extent of territory or capital in order to get diversity. Mr. M. Warburg suggested that the country should be so divided that its eight or more reserve banks could be operated in four general groups. Mr. Warburg said that the minimum number of eight banks was highly desirable. He said that in view of the thin resources of the West it would be necessary in order to obtain balance among the banks to break up the northeastern territory into three sections, consisting of New England, New York and Pennsylvania.

The desirability of having concentrated strength could be secured, thought Mr. Warburg, in spite of thus weakening the strength of the united Eastern section by a method of administering the banks in the four zones, the first including New York, New England and Pennsylvania, the second the two Southern districts, the third Chicago and the middle West, and the fourth California and the Pacific coast.

Mr. Warburg outlined a system of administration to secure cohesiveness and effective mobilization, by which the governor of the Federal Reserve Board should supervise the gold and exchange operations of the banks, the vice-governor have under his special attention the North Atlantic reserve bank, by far the most important one, the other three Presidential appointees administer each of the three remaining groups of banks and the two Cabinet officers on the board have general supervision.

Most of the discussion of the day centered on the territory the New York reserve bank should include. All but one banker, William Flanagan of Mount Joy, N. J., who wanted New York skipped entirely as a reserve bank center, agreed that New York should be the center of this district. General agreement was also expressed that eight should be the minimum number of banks.

Charles A. Conant advocated the most sweeping proposal for the New York institution in a plan for one bank to take in all the territory northeast of the Potomac, including Pennsylvania, with branches at Boston and Philadelphia.

Mr. Hepburn advocated one strong bank for the North Atlantic States, but said that if this territory had to be divided it would be desirable to include Pennsylvania with New York and make New England a separate bank territory.

Mr. Hemphill thought that if the North Atlantic region had to be divided, three divisions were desirable. Mr. Wiggin suggested reserve banks in New York, Chicago, St. Louis, one in the South, one in the Northwest, one in the Southwest, one on the Pacific coast and one in the territory between Chicago and New York.

Mr. Cannon advocated the principle of accessibility to territory served in dividing the districts, with no reserve city more than fifteen hours distant from any part of its territory. He limited the New York district to New York, New Jersey, the western halves of Connecticut, Massachusetts, Vermont and Pennsylvania east of Altoona. He said that a bank in this territory would have an approximate capital of \$35,000,000.

Mr. Vanderlip thought a bank at Boston would be necessary, and though he had not made up his mind on other

regions, mentioned San Francisco, Omaha, Minneapolis, Chicago and Atlanta, with St. Louis by all means, as against New Orleans.

When asked how many New Yorkers would be on the Federal Reserve Board Secretary McAdoo replied:

"At least one, for I shall be a member."

The hearings will be resumed at 10 o'clock this morning, with up-State bankers appearing.

### JUDGE HOLT RESIGNS POST.

Abram I. Elkus Mentioned as Probable Successor on Federal Bench.

The resignation of George Chandler Holt as senior Judge of the Federal District Court here was received at Washington yesterday. It will take effect as soon as some one has been designated to take his place. Abram I. Elkus is mentioned as Judge Holt's probable successor.

Judge Holt was 70 years old on December 31 last. This and the fact that he had served ten years on the Federal bench entitled him to retirement at full pay.

The Judge remained at his home, 40 Central Park South, yesterday. He said that he might consider going back into private practice but that his plans at present did not tend that way. He said that he intended to take a long rest.

Judge Holt was appointed to the Federal bench by President Roosevelt on April 3, 1903. At the time he was a referee in bankruptcy in the Federal courts. He is a member of the Century Club and of the Sons of the Revolution. His eldest son, Hamilton Holt, is editor of the Independent.

## TYSON & CO. HELD ON CHARGE OF LARCENY

Magistrate Deuel Thinks Corporation May Commit Such a Crime.

### CASE TO GRAND JURY SOON

Opera Ticket Scandal Will Be Thoroughly Aired by Whitman.

Magistrate Deuel in the Centre street court held Tyson & Co., as a corporation, on a charge of grand larceny yesterday. The case will be submitted to the Grand Jury in a few days. This charge grew out of a series of hearings as to how Tyson & Co., as ticket brokers, managed to get possession of \$153,000 worth of tickets for the Metropolitan Opera House season, on which the Metropolitan Trust Company lent \$100,000.

The specific charge upon which the corporation is held is the larceny of \$151.80, the price of two seats in the dress circle

for the opera season. The order was given to Tyson & Co. by Adolph E. Dick, who was later a complainant in the case before the Magistrate. Assistant District Attorney Train prosecuted the case and William L. Marshall of Griggs, Baldwin & Griggs appeared for the defense. The chief point raised by the defense was that a corporation could not commit the crime of larceny. "Being a new legal problem," says the decision, "by no means justifies dismissal. On the civil side the responsibilities of corporations have been constantly expanding in this country."

Magistrate Deuel cites legal opinions in support of his decision and holds that: "The capacity of the defendant to commit the crime charged follows from the

acts constituting it; the corporation was capable of receiving an order for the seats in question; it was capable of receiving \$151.80, the market value thereof; it was capable of procuring the identical tickets from the opera company; it was capable of using such tickets with others in procuring a loan of \$100,000 from the Metropolitan Trust Company; it was capable of using that loan for its own corporate interests. Was it incapable of knowing that the consequence of such acts was the appropriation to its own use of the property of this complainant?" He says there are some crimes which can be committed only by natural persons, but holds that the one before him comes, as he believes, within the scope of larceny as laid down in the law books.

The proceedings against Tyson & Co. were instituted in November last. It was learned then that a large block of the tickets had been hypothecated for a loan. After criminal prosecutions had started the tickets were released by the trust company, and all holders were supplied with their orders. The president of the corporation is Richard J. Hartman, with offices at 1122 Broadway. Concerning the penalty following conviction of a corporation Section 1932 of the penal law reads: "In all cases where a corporation is convicted of an offense for the commission of which a natural person would be punishable by imprisonment, as for a felony, such corporation is punishable by a fine of not more than \$5,000."



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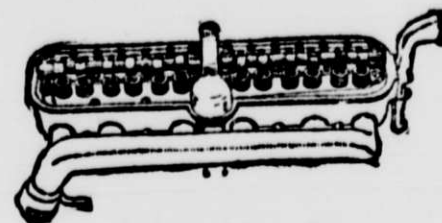
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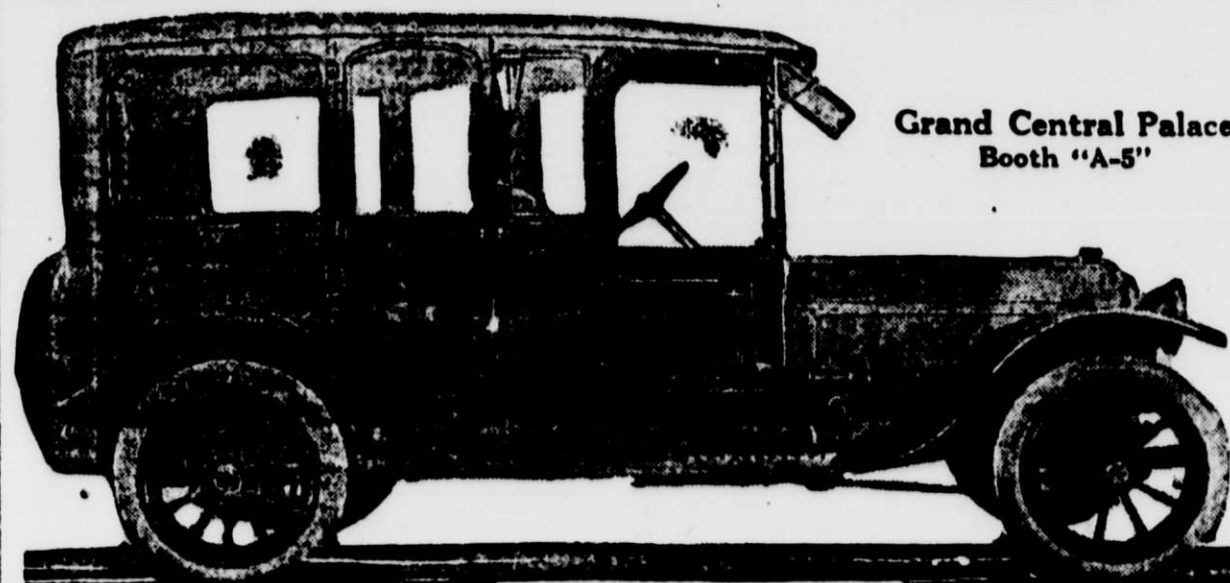
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